

AGENDA



Recommendation for Council Action (Purchasing)

| | | | | |
|--|--|-------|---------------|-----|
| Austin City Council | Item ID: | 70116 | Agenda Number | 21. |
| Meeting Date: | May 4, 2017 | | | |
| Department: | Purchasing | | | |
| Subject | | | | |
| <p>Authorize award and execution of four contracts with POWER SUPPLY INC., TEXAS ELECTRIC COOPERATIVES, TECHLINE INC., and HOLZBERG COMMUNICATIONS, to provide capacitor banks and associated parts, with an initial 12-month term, in an estimated amount of \$625,337, with four 12-month extension options in an estimated amount of \$625,337 per extension option, for total contract amounts not to exceed \$3,126,685, divided among the contractors.</p> | | | | |
| Amount and Source of Funding | | | | |
| <p>Funding in the amount of \$208,446 is available in the Fiscal Year 2016-2017 Operating Budget of Austin Energy. Funding for the remaining eight months of the original contract periods and extension options are contingent upon available funding in future budgets.</p> | | | | |
| Fiscal Note | | | | |
| <p>A fiscal note is not required.</p> | | | | |
| Purchasing Language: | <p>The Purchasing Office issued an Invitation for Bids (IFB) GGU0163 for these goods on January 30, 2017 and it closed on February 16, 2017 with five offers received. The recommended offerors are the lowest offers submitted by responsible offerors. Additional information on the solicitation is included below the line. The recommended offeror, Power Supply Inc., is the current provider for these goods.</p> | | | |
| Prior Council Action: | <p>█</p> | | | |
| For More Information: | <p>Gabriel Guerrero, Procurement Specialist II, 512-322-6060</p> | | | |
| Boards and Commission Action: | <p>April 17, 2017 - Recommended by the Electric Utility Commission on a 7-0 vote, with Commissioners Reel and Wray absent and two vacancies.</p> | | | |
| Related Items: | <p>█</p> | | | |
| MBE / WBE: | <p>This solicitation was reviewed for subcontracting opportunities in accordance with City Code Chapter 2-9D Minority Owned and Women Owned Business Enterprise Procurement Program. For the goods required for this solicitation, there were insufficient subcontracting</p> | | | |

opportunities; therefore, no subcontracting goals were established.

Additional Backup Information

These contracts will provide capacitor banks and associated parts, including pole-mounted and pre-assembled capacitors, transformers, radios and antennas for Austin Energy. These capacitor banks and ancillary parts will be used to replenish stock at Austin Energy's St. Elmo warehouse for immediate issue to distribution construction and maintenance crews for general maintenance and construction on an as-needed basis.

The primary functions of capacitor banks are to maintain a desired voltage profile, correct power factor, and reduce power losses in the electrical distribution system. The controllers are programmed to operate the capacitor banks using various factors including temperature, voltage, current and kilovolt-amperes reactive (kVAR). kVAR is a unit used to measure reactive power in an alternating current electric power system. This equipment is necessary to maintain a balance in the distribution system.

The contracts will replace an existing contract that expires on October 6, 2017. The current contract included a total of three line items with a total authorization of \$400,930, and an actual average annual spend of \$236,456. The new contracts include five additional line items. The new contracts are based on increased estimated quantities that are more representative of recent and future forecasted demand.

If Austin Energy does not maintain a certain power factor throughout the distribution system, it may be subject to penalties from the Electric Reliability Council of Texas (ERCOT).

BID TABULATION

IFB GGU0163

Capacitor Banks and Associated Parts

8 Line Items

| <u>Vendor</u> | <u>Number of Line Items Bid</u> | <u>Number of Line Items Awarded</u> | <u>Total Annual Award</u> |
|--------------------------------|--|--|--------------------------------------|
| Power Supply Inc. | 5 | 4 | \$462,408 |
| Texas Electric Coop. | 3 | 2 | \$105,558 |
| Techline Inc.* | 5 | 1 | \$54,540 |
| Holzberg Communications | 3 | 1 | \$2,831 |
| Priester-Mell & Nicholson Inc. | 1 | 0 | N/A |

* Deemed Non-Responsive – Did not meet the specification requirements for line item 4.

A complete solicitation package, including a bid tabulation, is on file in the City's Purchasing Office and is available on the City's Financial Services Austin Finance Online website. Link: [Solicitation Documents](#)

POWER SUPPLY INC., TEXAS ELECTRIC COOP, TECHLINE INC., and HOLZBERG COMMUNICATIONS

| | | # months | Contract Amount | Contract Amendment | Revised Amount |
|--|--------------------|-----------|---------------------|--------------------|----------------|
| | Original Term | 12 | \$ 625,337 | n/a | n/a |
| | Extension Option 1 | 12 | \$ 625,337 | n/a | n/a |
| | Extension Option 2 | 12 | \$ 625,337 | n/a | n/a |
| | Extension Option 3 | 12 | \$ 625,337 | n/a | n/a |
| | Extension Option 4 | 12 | \$ 625,337 | n/a | n/a |
| | TOTAL | 60 | \$ 3,126,685 | \$ - | \$ - |